

WORKERS COMPENSATION BOARD OF INDIANA

**2018 SECOND INJURY FUND
CALCULATION OF FUNDING LEVEL**

December 20, 2017

Please note assessments greater than \$1,000 may be paid in two installments.

The due dates are:
January 31, 2018
June 29, 2018



SECOND INJURY FUND REPORT
AND ASSESSMENT FOR 2018

By the Chair

December 20, 2017

As 2017 draws to a close, I am happy to report that again, the Second Injury Fund will end the year with over \$2 million in the bank. We collected approximately \$300,000 less than the assessment goal for 2017, which is closer than last year, when the amount collected was \$469,000 short. Because we must use two-year-old financial and insurance data, our figures cannot always accurately reflect the current business climate. This is one reason the prudent reserve is necessary.

The good news is that the assessment amount has consistently gone down each year for the past four. However, direct written premiums were down and losses paid by carriers rose slightly in 2016. On the self-insured side, we see that, due to higher losses paid in 2016 over those in 2015, the share of the assessment that falls to these employers will rise from 14% to 16%.

Included with this report are the Certification forms used to calculate individual assessment obligations. These forms use numbers provided by the ICRB as well as self-insured factors taken from new and renewal applications for 2016. Historical data regarding Fund payouts can be found on the last page.

We expect indemnity payments from the Fund to increase slightly in 2018 as new injured workers are added to the rolls at wages greater than those of the recipients we lose throughout the year. There was no net change in the number receiving wage replacement benefits between 2016 and 2017.

As always, we continue to replace limbs with the "Chevy" not "Cadillac" model, however even these devices are more sophisticated than in years past. With all of the uncertainty, our prudent reserve for prosthetics is a total of the three highest months in 2017; however the number of recipients remained constant from 2016 to 2017.

Several years ago, the Board began tracking the quarterly time commitment of each staff member who works on Second Injury Fund issues, as well as other factors such as IT expenses, postage and printing. The administrative expense assessed has remained constant for the past four years.

Payments will be due on January 31th and June 29th. You may choose to use the installment option only if your assessed total is greater than \$1,000. This option is no longer available if your total assessment is less than \$1,000 and a penalty will be assessed if the whole amount is not received by the January due date. No reminder will be sent before the June due date.

We also encourage you to take advantage of the State's electronic payment system, which you can access at <http://www.in.gov/wcb>. This will be mandatory in 2019. Please be aware, you may obtain a "unique identifier" by contacting the Board. This will allow a debit transaction directly from your company's bank account for a \$1.00 State user fee. The credit card option will be higher because it is a percentage of your payment.

Please call Mary Taivalkoski or me if you have questions or comments regarding the assessment, report, or the Fund.

Wishing you good health, happiness, peace, and prosperity in the 2018.

Yours very truly,



Linda Peterson Hamilton

2ND INJURY FUND REPORT

December 14, 2017

Available Fund Balance 12/31/16	2,590,872
Revenue from 2017 Assessment	6,037,531
Total Available Monies 2017	8,628,403

Expenditures 2017:

Indemnity (308 Recipients)	5,074,766
Prosthetics (74 Recipients)	1,152,254
Administrative Fees	107,926
SWCAP*	4,305
Total	6,339,251

Available Fund Balance 12/31/2017	2,289,152
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2018 Assessment Factors

Indemnity (3 month expense)	1,268,692
Prosthetics (3 month expense)	610,317
Total Prudent Reserve	1,879,009

Estimated Expenditures:

Indemnity	5,277,757
Prosthetics	1,189,344
Administrative Fees	107,926
SWCAP*	4,305
Projected Expenditures	6,588,332

Estimated Need	8,467,331
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12/31/2017 Available Fund Balance	2,289,152
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Final Assessment Amount	6,178,189
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* 7.4.2.1 State-Wide Cost Allocation Plan (SWCAP)

**Reported and Historical Data
Utilized in Assessment of Fund**

(Reported in dollars)

Reported by ICRB for 2016:

Total Losses Paid	398,578,000
Total Premiums Written	876,183,000

Reported by ICRB for 2015:

Total Losses Paid	396,775,000
Total Premiums Written	889,525,000

Reported by ICRB for 2014:

Total Losses Paid	416,215,000
Total Premiums Written	847,794,000

Reported by ICRB for 2013:

Total Losses Paid	457,915,000
Total Premiums Written	829,907,000

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Self-Insured Factors 2016:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 19,377,397 |
| Total Medical Paid         | 54,778,887 |
| Total Self Insured Factors | 74,156,284 |

Self-Insured Factors 2015:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 17,429,358 |
| Total Medical Paid         | 48,051,187 |
| Total Self Insured Factors | 65,480,545 |

Self-Insured Factors 2014:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 14,341,345 |
| Total Medical Paid         | 50,020,132 |
| Total Self Insured Factors | 64,361,477 |

Self-Insured Factors 2013:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 14,779,695 |
| Total Medical Paid         | 51,710,746 |
| Total Self Insured Factors | 66,490,441 |

**Historical Second Injury Fund Data re.  
Total Expenditures Reported By the WCB  
(Reported in dollars)**

|                             |           |
|-----------------------------|-----------|
| Jan/Dec 2016                |           |
| Prosthetics (74 Recipients) | 1,198,344 |
| Indemnity (308 Recipients)  | 5,277,757 |
| Jan/Dec 2015                |           |
| Prosthetics (74 Recipients) | 1,128,061 |
| Indemnity (308 Recipients)  | 5,168,737 |
| Jan/Dec 2014                |           |
| Prosthetics (74 Recipients) | 1,298,573 |
| Indemnity (325 Recipients)  | 5,143,074 |
| Jan/Dec 2013                |           |
| Prosthetics (65 Recipients) | 780,300   |
| Indemnity (312 Recipients)  | 4,794,848 |
| Jan/Dec 2012                |           |
| Prosthetics (68 Recipients) | 1,019,258 |
| Indemnity (302 Recipients)  | 4,735,990 |
| Jan/Dec 2011                |           |
| Prosthetics (67 Recipients) | 585,801   |
| Indemnity (293 Recipients)  | 4,375,287 |